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May 13, 1996

**EX PARTE**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW, Room 222  
Washington, DC 20554

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MAY 13 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: Interconnection Between Local Exchange Carriers and Commercial  
Mobile Radio Service Providers (CC Docket No. 95-185)

Dear Mr. Caton:

The attached material was distributed to Michele Farquhar. Please associate this material with the above-referenced proceeding.

Two copies of this notice are being submitted to the Secretary in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me at 202-293-4960 should you have any questions or require additional information concerning this matter.

Sincerely,

A handwritten signature in cursive script, reading "Kathleen Q. Abernathy".

Kathleen Q. Abernathy

Attachment

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Kathleen Q. Abernathy  
Vice President  
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Michele Farquhar  
Chief, Wireless Telecommunications Bureau  
Federal Communications Commission  
2025 M St.  
Room 5002  
Washington, DC 20554

RECEIVED  
FEDERAL COMMUNICATIONS COMMISSION  
MAY 13 1996

RE: Interconnection Between Local Exchange Carriers and Commercial  
Mobile Radio Service Providers (CC Docket No. 95-185)

Dear Michele:

Attached is a memorandum that responds to several of the statements in a April 12, 1996 letter from Mr. Robert Blau, Vice President-Executive and Federal Regulatory Affairs, BellSouth. He discusses interconnection negotiations that have occurred over the last several years between CMRS providers and BellSouth. I hope you find this information useful. If you have any questions, please feel free to call me at (202) 293-4960.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathleen", written in black ink.

Kathleen Q. Abernathy

Attachment

cc: Rosalind Allen  
Lauren (Pete) Belvin  
Karen Brinkmann  
James Casserly  
James Coltharp  
Barbara Esbin  
Dan Gonzalez  
Daniel Grosh  
Regina Keeney  
John Nakahata  
Gregory Rosston

BellSouth/CMRS Interconnection Negotiations  
CC Docket 95-185

Much of the complexity involved in negotiating interconnection with BellSouth results from BellSouth's insistence that all CMRS carriers in each state must interconnect with it on identical rates, terms and conditions. While BellSouth generally has been willing to meet with carriers individually, it consistently refuses to submit any agreement to regulators for approval, or otherwise to implement it, unless either all CMRS carriers in the state have agreed to its terms or BellSouth can impose those terms upon dissenting carriers. For example, after reaching agreement in 1990 with wireless carriers other than AirTouch on a new interconnection contract, BellSouth filed a petition with the Georgia Public Service Commission asking it to "order that the new contract shall constitute the terms, conditions, rates and charges for interconnection with Southern Bell's public switched network for every cellular carrier in Georgia, including . . . [AirTouch] Cellular" and requesting approval of the agreement only on that basis.

Although CMRS/LEC interconnection negotiations involve a number of complex issues, BellSouth's insistence upon the same interconnection terms and conditions for all CMRS carriers in each state effectively forces all carriers to a lowest common denominator approach. Because interconnection payments are usually a wireless carrier's largest single traffic sensitive cost, the desire for lower interconnection rates is often the only issue on which all CMRS carriers agree. In part because some LEC-affiliated cellular carriers tend to support BellSouth on some issues, it frequently is difficult to achieve a consensus on other issues, which makes it nearly impossible to reach an industry-wide agreement with BellSouth on terms significantly different from those proposed by BellSouth.

***BellSouth's approach to negotiating interconnection often amounts to a refusal to negotiate.***

Although a number of issues have been discussed in CMRS interconnection negotiations with BellSouth, there generally has been little give-and-take on issues other than the interconnection rate. It is rare for BellSouth to alter its position, even in response to overwhelming demand. Some of these issues include the following:

*Reciprocal compensation* — Until 1995, BellSouth consistently refused to discuss reciprocal compensation for intrastate traffic, at least in Georgia. Moreover, during industry-wide negotiations in Georgia in 1994, BellSouth stated that it would not address in those negotiations interstate interconnection for portions of Georgia LATAs that extend into Alabama and South Carolina unless the wireless carriers serving those areas waived their right to reciprocal compensation for interstate traffic as well. In mid-1995, BellSouth began receiving requests for bill and keep interconnection arrangements from newly certificated competitive wireline local exchange carriers, whereupon it informed Georgia CMRS carriers that it wanted a single interconnection arrangement for carriers of all kinds and sought the wireless industry's support for reciprocal compensation at levels comparable to its intrastate access charges. BellSouth indicated that it would offer a specific reciprocal compensation proposal in October or November 1995, but as of this writing it has not done so.

*Single state-wide interconnection arrangement* — As noted above, whether negotiations are conducted individually or *en masse*, BellSouth insists upon identical interconnection rates, terms and conditions for all CMRS carriers in a state.

*Collocation* — During Georgia interconnection negotiations in 1994, BellSouth misinterpreted an objection to a provision in its proposed tariff as a request for collocation rights. BellSouth responded that it would not under any circumstances permit collocation of wireless carriers' facilities in its offices unless it was validly required by law to permit collocation of competitive local exchange carriers' facilities. In contrast, BellSouth consistently has demanded that wireless carriers permit collocation of its facilities within the MTSO without charge.

*Volume discounts* — BellSouth has declined to negotiate volume discounts even when presented with a consensus proposal supported by the overwhelming majority of the CMRS carriers in Georgia. During statewide interconnection negotiations in 1994, following meetings to which every wireless carrier in Georgia was invited, a group of over thirty large and small cellular, paging, and SMR carriers presented a consensus proposal to BellSouth requesting, among other things, discounts based upon the total volume of traffic at each point of interconnection, so that small carriers as well as large could qualify for discounts by optimizing their network designs. Of nearly seventy carriers that reviewed the proposal before it was sent to BellSouth, only one small paging carrier and one LEC-affiliated cellular carrier dissented from this aspect of the consensus proposal. BellSouth responded that it did not believe volume discounts to be in its interest and declined to discuss the subject further.

*Number charges* — BellSouth has always presented its charges for the assignment and use of numbers as non-negotiable and has refused to discuss reimbursing wireless carriers for costs they incur as a result of BellSouth's use of numbers. See AirTouch's Opening Comments at 22 n.22.

***BellSouth's insistence upon arriving at a single interconnection agreement with all carriers has frustrated the desire of some carriers for time-of-day discounts.***

In 1990, BellSouth proposed a complex interconnection rate structure, derived from its Florida interconnection rates, that included separate on-peak and off-peak charges for call setup, initial minute and additional minutes. Although some Georgia wireless carriers were interested in this proposal, most of the smaller carriers rejected it because of the extensive traffic analysis that would be required in order to compare it to simpler proposals based upon a single rate per minute of use. BellSouth was adamant that it would not consider different interconnection rate structures for different wireless carriers. Georgia wireless carriers were subsequently able in 1994 to negotiate a choice of two different rate structures.

***The adoption of a "bill and keep" compensation model would not unnecessarily complicate interconnection negotiations.***

Contrary to the implications of Mr. Blau's letter, in virtually all cases BellSouth assesses separate facility charges for transporting traffic between a wireless carrier's MTSO and the BellSouth office to which it connects, so that the usage-sensitive interconnection rate covers only transport and switching from the first BellSouth office to the point of termination. Even if a

separate charge for tandem switching and transport were an appropriate component of a bill and keep regime (which it is not), it would not apply to traffic passed over a Type 2B interconnection or to many calls passed over Type 1 interconnections. Much of the negotiating complexity that Mr. Blau suggested would result from adopting a bill and keep model would be the result of the asserted need to obtain the agreement of all CMRS carriers to the same changes. It is BellSouth, however, not CMRS carriers or regulators, that insists that all CMRS carriers interconnect with it on identical terms, conditions and rates. Except for BellSouth's refusal to negotiate terms and rates tailored to individual carriers' circumstances, there is no apparent reason why carriers that would not benefit substantially from bill and keep arrangements (if there are such) should need to participate in negotiation of a usage rate to supplement bill and keep (assuming *arguendo* that such a supplemental rate were appropriate) or to revise their interconnection agreements or arrangements.